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South Dakota

Labor Bulletin

November 1986

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SURVIVAL OF NEW BUSINESSES IN SOUTH DAKOTA

Last month's Labor Bulletin examined the impact of business births and deaths on the state's economy. New businesses are beneficial, in that they provide jobs to help offset the loss of jobs among those firms going out of business.

Fortunately, in South Dakota most new businesses remain in business and grow. A good measure of the lasting effect of these businesses on the state's economy is to track them for a period of time to determine their survival rates and employment growth.

Of the 1,108 new businesses in 1983, 647 (58 percent) survived and were still in business in 1985. These 647 businesses contributed a total of 4,257 jobs to the state's economy.

For study purposes, a business is considered to have survived if it is still in operation two years after opening. Because a firm must remain in business for two years to be considered as a survivor, the most recent survival data available is for those businesses identified as births during 1983.

As shown in the table on the following page, the agriculture, forestry and fisheries industry has the highest survival rate of any South Dakota industry. Approximately 75 percent of the new firms in this industry survived from 1983 to 1985.

A closer examination of the data reveals that although the survival rate among new firms in this industry was the highest, the actual number of new firms was among the lowest. Twelve of only 16 new firms survived from 1983.

The table shows that the mining and quarrying, transportation, communication and public utilities, wholesale trade, finance, insurance and real estate and services industries all noted survival rates above the statewide average of 58 percent. Contract construction equaled the statewide rate. Manufacturing and retail trade were the only industries with survival rates lower than the statewide average.

In actual numbers, the retail trade and services industries had the most new 1983 businesses survive, with 172 and 168 respectively. These two industries also contributed more than 60 percent of the new jobs, as surviving firms employed 1,285 people in each of these industries.

Of particular importance to the state's economy is the employment growth among surviving businesses. New businesses, especially the larger firms, require time to phase into operation. Birth employment figures tend to understate the full impact these new firms have on the state's economy as they survive and grow.

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EMPLOYMENT GROWTH SHOWS IMPACT OF NEW BUSINESSES

New 1983 businesses, that survived to 1985, employed an average of 4.08 employees each at birth. Two years later, these surviving businesses averaged 6.58 employees each. This is an average increase of 2.5 employees per surviving business.

Manufacturing employers noted the largest average growth in employment. When compared to the statewide average of 2.5 employees growth per firm, the state's new manufacturers employed an astounding average of 13.79 more employees in 1985 than when they began in 1983.

The transportation, communication and public utilities industry was the other industry to note an increase in employment that was more than the statewide average. New transportation, communication and public utilities firms averaged an increase of 2.91 employees between 1983 and 1985.

The agriculture, forestry and fisheries industry was the only industry to show a decline in average employment among surviving firms. Surviving firms averaged 2 employees each, down from the average employment of 2.42 employees at birth.

The dynamics of any economy dictate that some businesses survive while others do not. Hopefully, those that survived their first two years have become permanent members of the South Dakota business community and will continue to grow and prosper in the future.

1985
SURVIVAL AND EMPLOYMENT
OF
NEW 1983 BUSINESSES

	1983 Births	1985 Surv.	Survival Rates	Avg. Employ. of Surv. Firms 1983	Avg. Employ. of Surv. Firms 1985	1985 Employ of Surv. Firms
Ag, Forestry & Fish.	16	12	75%	2.42	2.00	24
Mining & Quarrying	5	3	60%	12.67	14.67	44
Contract Const.	179	104	58%	2.67	4.48	466
Manufacturing	43	24	56%	6.13	19.92	478
Transportation, Commun. & Public Utilities	92	57	62%	2.72	5.63	321
Wholesale Trade	89	55	62%	1.47	2.82	155
Retail Trade	331	172	52%	5.41	7.47	1,285
Finance, Insurance and Real Estate	74	52	70%	1.75	3.92	204
Services	279	168	60%	5.32	7.65	1,285
TOTAL	1,108	647	58%	4.08	6.58	4,257*

*Column may not add to total due to rounding.

SOURCE: South Dakota Department of Labor, Labor Market Information Center, 12/86.

SOUTH DAKOTA LABOR MARKET IN NOVEMBER

Nonfarm employment totaled 253,400 in November, up 6,900 over the year and down 1,400 from the October level.

From November 1985 levels, increases were noted in the manufacturing, government, trade and services industries. Employment in the manufacturing industry noted an over-the-year increase of 4,100, with growth in both the durable and nondurable goods sectors. As noted in preceding issues of the Labor Bulletin, much of the growth in nondurable goods manufacturing is attributable to reduced year-ago levels caused by a labor dispute.

The over-the-year increase of 1,400 in government can be largely attributed to the temporary hiring of election workers within the local government sector.

Employment in the trade industry was up 1,200 over the year. Most of this growth was in the retail trade sector. This increase was distributed throughout the building materials, apparel, restaurants and miscellaneous retail sectors.

The services industry noted over-the-year employment increases of 1,000. New and increased health services accounted for most of this growth. However, the membership, hotels, personal, legal and education services sectors also showed modest growth.

Construction employment was down 500 from the year-ago level. In 1985, heavy construction activity was especially high in the first part of November.

MONTH-TO-MONTH EMPLOYMENT CHANGES

Over the month, employment increases were noted in government. As in over-the-year government increases, the hiring of election workers greatly affected local government employment.

Traditional seasonal declines were noted in the construction and services industries.

Construction employment was down 1,200 over the month. The October to November decline in construction employment varies greatly, depending much upon the weather. During the last 16 years, 1982 posted the least October to November decline of jobs (400), while 1978 posted the greatest decline of jobs (1,300).

Employment in the manufacturing industry also declined over the month, down 700. A portion of this decline was due to the ending of temporary jobs in poultry processing businesses. Employment in this industry traditionally peaks in October, as processors prepare for holiday demand. Seasonal declines within the lumber and concrete sectors also contributed to the manufacturing industry decline.

The South Dakota unemployment rate was 5.9 percent in November, up from the October rate of 4.2 percent. Approximately 328,800 South Dakotans were employed in November, while 20,600 were unemployed.

LABOR FORCE / EMPLOYMENT / UNEMPLOYMENT

	November 1986 (1)				November 1985			
	Labor Force(2)	Employment	Unemployment	Rate	Labor Force(2)	Employment	Unemployment	Rate
United States	118,623,000	110,751,000	7,872,000	6.6(3)	116,097,000	108,281,000	7,815,000	6.7(3)
South Dakota	349,400	328,800	20,600	5.9	343,700	322,800	20,900	6.1
Sioux Falls MSA	71,422	67,503	3,919	5.5	69,008	65,120	3,888	5.6
Rapid City MSA	39,576	37,355	2,221	5.6	38,166	35,771	2,395	6.3
Aurora	1,486	1,437	49	3.3	1,374	1,344	30	2.2
Beadle	9,824	9,316	508	5.2	9,097	8,604	493	5.4
Bennett	1,547	1,471	76	4.9	1,477	1,426	51	3.5
Bon Homme	3,388	3,195	193	5.7	3,245	3,066	179	5.5
Brookings	13,217	12,174	1,043	7.9	13,668	12,627	1,041	7.6
Brown	20,641	19,223	1,418	6.9	19,390	18,197	1,193	6.2
Brule	2,552	2,472	80	3.1	2,830	2,666	164	5.8
Buffalo	477	407	70	14.7	429	368	61	14.2
Butte	3,835	3,514	321	8.4	3,566	3,353	213	6.0
Campbell	1,127	1,012	115	10.2	996	959	37	3.7
Charles Mix	4,148	3,955	193	4.7	3,925	3,702	223	5.7
Clark	1,874	1,792	82	4.4	1,901	1,783	118	6.2
Clay	6,434	6,173	261	4.1	6,708	6,146	562	8.4
Codington	11,519	10,774	745	6.5	11,635	10,829	806	6.9
Corson	1,640	1,541	99	6.0	1,601	1,491	110	6.9
Custer	3,417	3,201	216	6.3	3,303	3,118	185	5.6
Davison	9,161	8,700	461	5.0	8,800	8,374	426	4.8
Day	3,565	3,365	200	5.6	3,428	3,176	252	7.4
Deuel	2,169	1,992	177	8.2	2,232	1,988	244	10.9
Dewey	1,996	1,835	161	8.1	1,983	1,859	124	6.3
Douglas	1,632	1,550	82	5.0	1,649	1,566	83	5.0
Edmunds	2,386	2,289	97	4.1	2,154	2,083	71	3.3
Fall River	3,727	3,579	148	4.0	3,603	3,461	142	3.9
Faulk	1,326	1,277	49	3.7	1,242	1,161	81	6.5
Grant	4,247	4,041	206	4.9	4,127	3,883	244	5.9
Gregory	2,532	2,443	89	3.5	2,464	2,310	154	6.3
Haakon	1,165	1,076	89	7.6	1,167	1,106	61	5.2
Hamlin	2,287	2,139	148	6.5	2,364	2,200	164	6.9
Hand	1,968	1,931	37	1.9	2,022	1,931	91	4.5
Hanson	1,379	1,313	66	4.8	1,417	1,342	75	5.3
Harding	852	815	37	4.3	783	775	8	1.0
Hughes	8,531	8,002	529	6.2	8,627	8,099	528	6.1
Hutchinson	3,933	3,725	208	5.3	3,933	3,752	181	4.6
Hyde	951	817	134	14.1	904	863	41	4.5
Jackson	1,437	1,359	78	5.4	1,438	1,375	63	4.4

LABOR FORCE / EMPLOYMENT / UNEMPLOYMENT

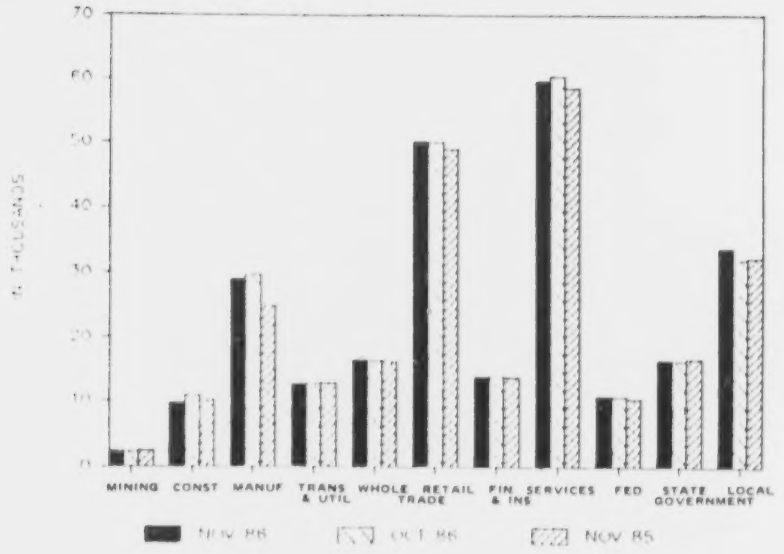
	November 1986 (1)				November 1985			
	Labor Force(2)	Employment	Unemployment	Rate	Labor Force(2)	Employment	Unemployment	Rate
Jerauld	1,290	1,181	109	8.4	1,238	1,169	69	5.6
Jones	656	631	25	3.8	619	578	41	6.6
Kingsbury	2,939	2,735	204	6.9	2,973	2,782	191	6.4
Lake	4,809	4,350	459	9.5	4,972	4,576	396	8.0
Lawrence	9,983	9,427	556	5.6	9,926	9,356	570	5.7
Lincoln	6,582	6,152	430	6.5	6,718	6,280	438	6.5
Lyman	1,607	1,521	86	5.4	1,573	1,486	87	5.5
McCook	2,847	2,674	173	6.1	2,707	2,555	152	5.6
McPherson	1,567	1,499	68	4.3	1,717	1,528	189	11.0
Marshall	2,187	2,035	152	7.0	2,256	2,059	197	8.7
Meade	9,253	8,730	523	5.7	9,795	9,235	560	5.7
Mellette	882	796	86	9.8	820	747	73	8.9
Miner	1,295	1,198	97	7.5	1,377	1,278	99	7.2
Minnehaha	71,422	67,503	3,919	5.5	69,008	65,120	3,888	5.6
Moody	3,057	2,878	179	5.9	3,178	2,997	181	5.7
Pennington	39,576	37,355	2,221	5.6	38,166	35,771	2,395	6.3
Perkins	2,438	2,401	37	1.5	2,501	2,428	73	2.9
Potter	1,526	1,458	68	4.5	1,436	1,330	106	7.4
Roberts	4,477	4,164	313	7.0	4,715	4,409	306	6.5
Sanborn	1,126	1,048	78	6.9	1,136	1,069	67	5.9
Shannon	2,988	2,700	288	9.6	2,941	2,671	270	9.2
Spink	3,744	3,592	152	4.1	3,603	3,489	114	3.2
Stanley	1,504	1,370	134	8.9	1,365	1,276	89	6.5
Sully	840	832	8	1.0	843	829	14	1.7
Todd	2,776	2,574	202	7.3	2,663	2,458	205	7.7
Tripp	3,319	3,158	161	4.9	3,394	3,163	231	6.8
Turner	3,874	3,641	233	6.0	4,141	3,885	256	6.2
Union	4,723	4,353	370	7.8	4,562	4,215	347	7.6
Walworth	2,897	2,720	177	6.1	3,028	2,851	177	5.8
Yankton	10,045	9,481	564	5.6	10,036	9,474	562	5.6
Ziebach	805	764	41	5.1	828	783	45	5.4

(1) Preliminary data subject to revision.

(2) Labor Force estimates include employed and unemployed civilians 16 years old and older by place of residence.

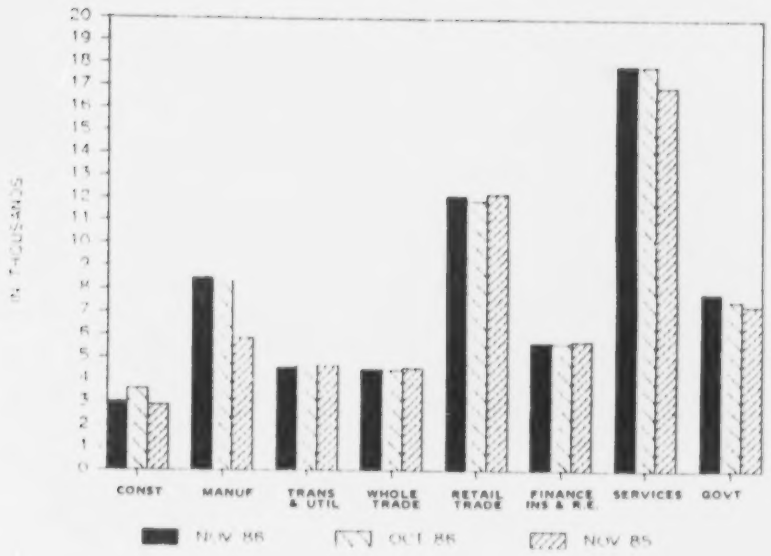
(3) The seasonally adjusted rates which were announced by the national government were 7.0 and 7.0. The data in this table are not seasonally adjusted.

SOUTH DAKOTA NONFARM WAGE AND SALARY EMPLOYMENT



	NOV. 1986	OCT. 1986	NOV. 1985	Percent Change From Last Month	Percent Change From Last Year
TOTAL	253.4	254.8	246.5	-.5	2.8
MINING	2.3	2.3	2.4	.0	-4.2
CONSTRUCTION	9.7	10.9	10.2	-11.0	-4.9
MANUFACTURING	28.8	29.5	24.7	-2.4	16.6
Durable Goods	15.8	16.3	14.5	-3.1	9.0
Fabricated Metals & Machinery	9.8	10.0	8.7	-2.0	12.6
Nondurable Goods	13.0	13.2	10.2	-1.5	27.5
Food & Kindred Products	7.6	7.8	5.0	-2.6	52.0
Paper, Printing & Publishing	2.9	2.9	2.8	.0	3.6
TRANSPORTATION AND PUBLIC UTILITIES	12.6	12.7	12.8	-.8	-1.6
Transportation	7.6	7.7	7.5	-1.3	1.3
Communication	2.7	5.8	3.0	-53.4	-10.0
Electric/Gas/Sanitary Services	2.2	2.2	2.3	.0	-4.3
WHOLESALE AND RETAIL TRADE	66.2	66.2	65.0	.0	1.8
Wholesale Trade	16.2	16.2	16.1	.0	.6
Durable Goods	7.3	7.3	7.3	.0	.0
Nondurable Goods	9.0	8.9	8.8	1.1	2.3
Retail Trade	50.0	50.0	48.9	.0	2.2
FINANCE, INSURANCE AND REAL ESTATE	13.7	13.9	13.7	-1.4	.0
SERVICES	59.6	60.4	58.6	-1.3	1.7
Hotels, Amuse., Pers. & Business	15.0	15.7	15.0	-4.5	.0
Medical and Health	23.4	23.4	22.8	.0	2.6
Educational, Membership & Social	17.7	17.7	17.4	.0	1.7
GOVERNMENT	60.5	59.0	59.1	2.5	2.4
Federal	10.7	10.7	10.4	.0	2.9
State	16.3	16.3	16.5	.0	-1.2
State Education	8.0	7.9	8.2	1.3	-2.4
Local	33.5	32.0	32.3	4.7	3.7
Local Education	18.8	18.6	18.6	1.1	1.1

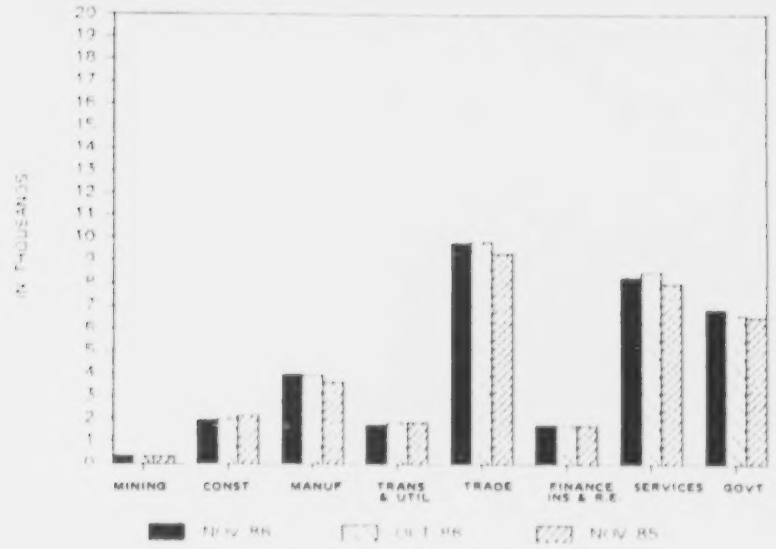
SIOUX FALLS MSA NONFARM WAGE AND SALARY EMPLOYMENT



	NOV. 1986	OCT. 1986	NOV. 1985	Percent Change From Last Month	Percent Change From Last Year
TOTAL	63.7	63.8	60.0	-.2	6.2
1/ MINING	--	--	--	--	--
CONSTRUCTION	3.0	3.6	2.9	-16.7	3.4
MANUFACTURING	8.4	8.3	5.8	1.2	44.8
TRANSPORTATION AND PUBLIC UTIL.	4.5	4.6	4.6	-2.2	-2.2
TRADE	16.4	16.2	16.7	1.2	-1.8
Wholesale Trade	4.4	4.4	4.5	.0	-2.2
Retail Trade	12.1	11.9	12.2	1.7	-.8
FINANCE, INS. & REAL ESTATE	5.6	5.6	5.7	.0	-1.8
SERVICES	17.9	17.9	17.0	.0	5.3
GOVERNMENT	7.8	7.5	7.3	4.0	6.8

1/ Mining employment not published, employment less than 100 workers.

RAPID CITY MSA NONFARM WAGE AND SALARY EMPLOYMENT



	NOV. 1986	OCT. 1986	NOV. 1985	Percent Change From Last Month	Percent Change From Last Year
TOTAL	34.2	34.6	33.2	-1.2	3.0
MINING	0.3	0.3	0.3	.0	.0
CONSTRUCTION	1.9	2.0	2.1	-5.0	-9.5
MANUFACTURING	3.9	3.9	3.6	.0	8.3
TRANSPORTATION AND PUBLIC UTIL.	1.7	1.8	1.8	-5.6	-5.6
TRADE	9.7	9.8	9.3	-1.0	4.3
FINANCE, INS. & REAL ESTATE	1.7	1.7	1.7	.0	.0
SERVICES	8.2	8.5	8.0	-3.5	2.5
GOVERNMENT	6.8	6.6	6.5	3.0	4.6

The figures on Pages 6, 7 and 8 include almost all nonfarm wage earners (full and part-time) but exclude the self-employed. They are derived from a monthly sample survey of South Dakota nonagricultural establishments and include workers on the payroll for the week including the 12th of the month. These tables compare the current month's employment totals of the major industry groups to the totals of the previous month and year.

NOTE: The data on pages 4, 5, 6, 7 and 8 and the Hours and Earnings of Production and Related Workers data on page 9 are developed by the South Dakota Department of Labor in cooperation with the U.S. Bureau of Labor Statistics.

HOURS AND EARNINGS OF PRODUCTION & RELATED WORKERS

	Number of Production Workers			Average Weekly Hours		
	NOV. 1986	OCT. 1986	NOV. 1985	NOV. 1986	OCT. 1986	NOV. 1985
South Dakota Statewide						
Manufacturing.....	21,799	22,433	18,037	42.4	43.4	39.5
Durable Goods.....	12,381	12,849	11,319	41.3	43.0	40.7
Nondurable Goods..	9,418	9,584	6,718	43.7	43.9	37.5
Sioux Falls MSA						
Manufacturing.....	6,461	6,343	3,840	45.4	48.4	38.3

	Average Weekly Earnings			Average Hourly Earnings		
	NOV. 1986	OCT. 1986	NOV. 1985	NOV. 1986	OCT. 1986	NOV. 1985
South Dakota Statewide						
Manufacturing.....	$334.54	$341.99	$293.49	$7.89	$7.88	$7.43
Durable Goods.....	$317.60	$329.81	$300.77	$7.69	$7.67	$7.39
Nondurable Goods..	$355.28	$358.22	$281.63	$8.13	$8.16	$7.51
Sioux Falls MSA						
Manufacturing.....	$376.82	$395.43	$271.55	$8.30	$8.17	$7.09

The term "production and related workers" includes supervisors and all nonsupervisory workers engaged in fabricating, processing, assembling, inspecting, warehousing, shipping, maintaining, recordkeeping and other services closely associated with production operations. The data cover full and part-time employees who worked during or received pay for the payroll period that includes the 12th of the month. Persons on sick leave, vacations, or holidays, and being paid for that period by their employer, are considered employed. Payroll and worker-hour data are collected for production and related workers in manufacturing industries.

CONSUMER PRICE INDEX ALL URBAN CONSUMERS

1967=100	OCT. 1986	SEPT. 1986	OCT. 1985	Percent Change From Last Month	Percent Change From Last Year
All Items.....	330.5	330.2	325.5	.1	1.5
Food & Beverages....	315.6	315.1	302.5	.2	4.3
Housing.....	363.0	363.7	354.4	-.2	2.4
Apparel.....	213.2	212.1	211.1	.5	1.0
Transportation.....	302.6	302.2	320.9	.1	-5.7
Medical Care.....	442.3	439.7	410.5	.6	7.7
Entertainment.....	276.5	275.3	268.4	.4	3.0

The Consumer Price Index is a widely watched national indicator of inflation. It is a measure of change, over time, in the prices of goods and services in major expenditure groups typically purchased by urban consumers. It measures the change in prices by comparing what a sample "market basket" of goods and services costs today with what the same sample "market basket" cost at an earlier date.

Source: U.S. Bureau of Labor Statistics.

CHARACTERISTICS OF THE INSURED UNEMPLOYED

NUMBER

	NOV. 1986	OCT. 1986	NOV. 1985
Sex, Total	2,374	1,687	2,947
Male	1,493	860	1,778
Female	881	827	1,169
Race, Total	2,374	1,687	2,947
White	2,114	1,445	2,666
Nonwhite	260	242	281
Age, Total	2,374	1,687	2,947
Under 45	1,756	1,248	2,238
Over 45	618	439	709
[2] Industry, Total	2,374	1,687	2,947
Mining	52	30	40
Construction	480	132	582
Manufacturing	511	354	943
Transportation & Public Utilities	95	98	98
Trade	534	420	574
Finance, Insurance & Real Estate	85	81	64
Services	466	455	464
Government	151	117	182
[2] Occupation, Total	2,374	1,687	2,947
Professional & Managerial	300	279	330
Clerical and Sales	449	475	486
Services	316	254	330
Processing	79	62	102
Machine Trade	121	78	148
Benchwork	170	153	499
Structural Work	621	226	750
Other	318	160	302
Duration of Current Unemployment			
Total	2,374	1,687	2,947
1-2 Weeks	411	303	602
3-4 Weeks	311	157	417
5-14 Weeks	879	681	1,111
15 Weeks & Over	773	546	817

[1] The insured unemployed are those unemployed persons who had worked for employers covered by South Dakota's Unemployment Insurance Laws, and who are eligible for unemployment compensation.

[2] Refers to industry and occupation involvement prior to unemployment.

SELECTED LABOR DEPARTMENT ACTIVITIES

	NOV. 1986	OCT. 1986	NOV. 1985	Percent Change From Last Month	Percent Change From Last Year
UNEMPLOYMENT INSURANCE					
A. Initial Claims.....	2,527	1,748	3,156	44.6	-19.9
B. Weeks Compensated.....	8,235	8,567	9,931	-3.9	-17.1
C. Amount of Benefit Payments..	$633,737	$660,513	$827,587	-4.1	-23.4
D. Unemployment Trust Fund Bal.	$38,823,500	$37,311,500	$33,405,700	4.1	16.2
JOB SERVICE					
E. Applicants Available (New and Renewals).....	5,481	8,953	6,103	-38.8	-10.2
F. Nonfarm Placements.....	4,210	5,857	2,646	-28.1	59.1
G. Nonfarm Job Openings.....	5,192	7,234	3,302	-28.2	57.2

	November 1986
H. Unemployment Insurance Savings	$70,413

Aid to Families with Dependent Children (ADC) Recipients	November 1986 People	November 1986 Savings in Dollars
I. Employed.....	43	$9,976
J. Partial Employment.....	18	$2,808

The data in this table are taken from the records of the state unemployment insurance program, the state Job Service system, and the South Dakota Department of Social Services.

A. Initial Claims - The total number of first claims for unemployment compensation.

B. Weeks Compensated - The total number of weeks for which claimants received compensation.

C. Amount of Benefit Payments - The total amount of money paid to claimants.

D. Unemployment Trust Fund Balance - The fund to which all required Unemployment Insurance taxes are paid and from which all benefits to claimants are paid.

E. Applicants Available (New and Renewals) - The total number of different individuals who registered or renewed their applications for work at Job Service offices in the state.

F. Nonag Placements - A count of the number of times during the month that Job Service applicants were hired by nonfarm employers.

G. Nonag Job Openings - A count of new job openings received during the month by South Dakota Job Service offices from nonfarm employers.

H. Unemployment Insurance Savings - Estimated dollars saved due to placement of Unemployment Insurance claimants by Job Service.

I. Employed - The number of people no longer needing ADC and the dollars saved due to their employment.

J. Partial Employment - The number of people with reduced ADC payments and the dollars saved due to their partial employment.

South Dakota
Labor Bulletin

BULK RATE

PRESORTED 3RD CLASS MAIL
POSTAGE & FEES PAID
U.S. Department of Labor
Permit NO. G-12

Labor Market Information Center
P.O. Box 4730
Aberdeen, South Dakota 57402-4730

Official Business
Penalty for Private Use $300

FORWARDING AND ADDRESS CORRECTION REQUESTED

Congress Information Center
SRI 4520 East
West Highway
Bethesda, MD 20814

DID YOU KNOW???

There are approximately 458 businesses owned by minorities in South Dakota.

220 Businesses owned by American Indians

82 Businesses owned by Hispanics

57 Businesses owned by blacks

23 Businesses owned by Chinese

15 Businesses owned by Asian-Indians

14 Businesses owned by Koreans

11 Businesses owned by other Asians

10 Businesses owned by Phillipinos

10 Businesses owned by other minorities

9 Businesses owned by Japanese

4 Businesses owned by Vietnamese

2 Businesses owned by other Pacific Islanders

1 Business owned by Eskimo

SOURCE: 1982 Census of Business, Bureau of the Census, U.S. Department of Commerce.

JOB SERVICE OF SOUTH DAKOTA